

Mr. Chairman, I am sorry to see the Financial Services Committee prepare to once again exceed Congress' constitutional boundaries, interfere with and distort the operations of the free market, and engage in redistributionism by passing HR 3995, the Housing Affordability for America Act. Instead of expanding unconstitutional federal power, Congress should focus its energies on dismantling the federal housing bureaucracy so the America people can control housing resources and use the free market to meet their demands for affordable housing.

The premise underlying HR 3995 is that the federal government is capable of determining the proper level of "affordable" housing. However, as the great economist Ludwig Von Mises pointed out, questions of the proper allocation of resources for housing and other goods should be determined by consumer preference in the free market. Resources removed from the market and distributed according to the preferences of government politicians and bureaucrats are not devoted to their highest-valued use. Thus, government interference in the economy results in a loss of economic efficiency and, more importantly, a lower standard of living for all citizens.

HR 3995 takes resources away from private citizens, through confiscatory taxation, and uses them for politically-favored housing projects. Government subsidization of housing leads to an excessive allocation of resources to the housing market. Thus, thanks to government policy, resources that would have been devoted to education, transportation, or some other good desired by consumers, will instead be devoted to housing. Proponents of this bill ignore the socially-beneficial uses the monies devoted to housing might have been put to had those resources been left in the hands of private citizens.

At the very least, federal housing programs should provide the maximum latitude for state and local governments to develop the type of housing programs best suited to their citizens' unique needs. However, according to the National Council of State Housing Agencies and the National League of Cities, HR 3995 decreases state and local control over housing programs. This is because HR 3995 creates new mandates in block-grant programs thus reducing the ability of state and local authorities to use federal funds to meet their own unique needs. Forcing state and local officials to use housing funds to obey the dictates of DC-based politicians, who cannot know the unique conditions of every housing market in the country, does not seem like a sound housing policy.

Finally, while I know this argument is unlikely to have much effect on my colleagues, I must point out that Congress has no constitutional authority to take money from one American and redistribute it to another. Legislation such as HR 3995, which takes tax money from some Americans to give to others whom Congress has determined are worthy, is thus blatantly unconstitutional.

Mr. Chairman, I hope no one confuses my opposition to this bill as opposition to any Congressional actions to ensure more Americans have access to affordable housing. After all, one reason many Americans lack affordable housing is because taxes and regulations have made it impossible for builders to provide housing at a price that could be afforded by many lower-income Americans. Therefore Congress should cut taxes and regulations. A good start would be generous housing tax credits. Congress should also consider tax credits and regulatory relief of developers who provide housing for those with low-incomes.

HR 3995 distorts the economy, reduces state and local authority over housing programs and violates constitutional prohibitions on income redistribution. A better way of guaranteeing an efficient housing market where everyone could meet their own needs for housing is for Congress to repeal taxes and programs that burden the housing industry and allow housing needs to be met by the free market. Therefore, I urge my colleagues to reject this bill and instead develop housing policies consistent with constitutional principles, the laws of economics, and respect for individual rights.